

PRODUCT DISCLOSURE STATEMENT

— LOSS OF LICENCE PROTECTION

EFFECTIVE 1 MAY 2021

INTRODUCTION

This Product Disclosure Statement (**PDS**) is issued by Austair Pilots Pty Ltd (ACN 005 111 731, AFSL 344259) (**Austair**) and is for the offer by Australian Air Pilots Mutual Benefit Fund (**MBF**, also described throughout this document as **the Fund**) of the Loss of Licence Product (also described throughout this document as the **(Product)**). The terms and conditions of the Product are contained in the MBF Rules (**Rules**), which are available from the MBF website (www.aapmbf.com.au). In the event that you are accepted as a Member (**Member**) under the Rules, Austair will have “issued” the Product to you. Austair has authorised this PDS for the Product.

GENERAL INFORMATION

This PDS is for your general information only. It is not intended to be a recommendation by Austair to acquire the Product. This PDS does not take into account the financial situation or needs of any particular person. You should not base your decision to acquire the Product solely on the information in this PDS. You should consider the suitability of the Product in view of your financial position and needs and you may want to obtain advice before making a decision to acquire the Product.

The Product is offered and issued by Austair on the terms and conditions described in this PDS and the Fund Rules. You should read this PDS and the Rules in their entirety, as you will become bound by them if you acquire the Product. Membership eligibility criteria applies. Refer to page 12 for details.

Some information in this PDS is subject to change. Austair will notify its Members of any changes that have an impact on the Product generally, or of any other significant events that affect the information in this PDS. The latest PDS can be obtained from www.aapmbf.com.au or in hard copy (free of charge) by telephoning +61 3 9928 4500 or 1300 380 300.

ISSUER

Austair is the corporate trustee (**Trustee**) of the Fund and is the issuer of the Product.

Austair can be contacted: By mail: Level 1
132-136 Albert Road
South Melbourne VIC 3205

By phone: +61 3 9928 4500 or
1300 380 300

By email: membership@aapmbf.com.au

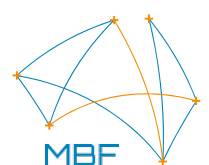
Website: www.aapmbf.com.au

INFORMATION ABOUT THE ISSUER'S FINANCIAL SERVICES LICENCE

Austair holds Australian Financial Services Licence (**AFSL**) number 344259 issued by the Australian Securities and Investments Commission (**ASIC**).

Austair is not authorised under the Insurance Act 1973 (Cth) to conduct insurance business in Australia. Austair and the Product are not subject to the provisions of the Insurance Act 1973 (Cth), which establishes a system of financial supervision of general insurers in Australia, and are not regulated by the Australian Prudential Regulation Authority (**APRA**). Austair is regulated by the Australian Securities and Investments Commission (ASIC).

Austair will estimate the future liabilities of, or future payments by, the MBF to persons who acquire the Product and will implement and maintain financial monitoring procedures to ensure that it has the financial resources to discharge future liabilities or make future payments to holders of the Product.





AUSTRALIAN AIR PILOTS MBF PRODUCT FEATURES

WHAT IS THE PRODUCT?

The MBF Product provides financial support to commercial pilots who are unable to exercise the privileges of their pilot's licence due to the failure to meet the standards of the Class 1 Medical Certificate (**Class 1**) of the Civil Aviation Safety Regulations (**CASR**) 1998 (Cth) as a result of an illness or injury occurring during (but not prior to) the period of cover, subject to the relevant Rules at the time of Date of Disability.

Persons who acquire the Product will become Members of the MBF and will be required to make annual contributions (**Contributions**) in accordance with the Contribution and Benefits Scale (**Contributions Scale**) for the MBF year 1 May to 30 April. Contributions are reviewed annually. The current Contribution and Benefits Scale is included at the end of the application form.

Members whose Class 1 Medical Certificate is suspended or cancelled by the Civil Aviation Safety Authority (**CASA**), and who meet the eligibility criteria, may be able to receive financial benefits in accordance with the Rules.

Austair reserves the right to impose Exclusions or Denials of Liability (Cover Restrictions) for Pre-Existing Medical Conditions in accordance with the Rules.

The rights and obligations of the Members and Austair are set out in the Rules. Members may obtain a copy of the Rules at www.aapmbf.com.au or in hard copy (free of charge) by telephoning +61 3 9928 4500 or 1300 380 300.

ELIGIBILITY FOR BENEFITS

Members may be eligible to receive benefits upon temporary or permanent suspension or cancellation of their Class 1 Medical Certificate by CASA, or a CASA delegate being a Designated Aviation Medical Examiner (**DAME**), subject to the Rules.

The level of payment a Member is eligible to receive depends on the type and level of benefit for which they have contributed in accordance with the Contribution Scale and any Cover Restrictions. We provide a description of the benefits in the schedule, commencing on page 5.

DEFINITIONS

For the purposes of interpreting this PDS the following definitions have been extracted from the Rules.

Calculated Annual Salary: Will be the Calculated Annual Salary for determining Disability Payments amounts in accordance with Rule 7(k), (l) and (m).

Date of Disability: The date of onset or occurrence of a condition giving rise to the inability to exercise the privileges associated with holding a Class 1 Medical Certificate and that is:

- i) stated by the Member; and
- ii) supported by medical practitioners and or specialists; and
- iii) accepted by the Trustee as the date the disability commenced.

Denial of Liability (Denial): A total denial of any cover for the stated medical condition(s) imposed at the time of first joining or when applying for an increase in cover. No benefits whatsoever apply to a Denial of Liability.

Disability Benefit: The monthly amount to which a Member may become entitled in accordance with these Rules subsequent to the invalidation, suspension or cancellation of their Class 1 Medical Certificate.

Exclusion of Liability (Exclusion): Also referred to as a Medical Exclusion, means a reduced benefit amount for an identified condition and calculated as a percentage of the benefits in accordance with Rule 7.

Gross Annual Salary: Means the amount of piloting income per annum that will be used for the purposes of applying these Rules and will be calculated as follows;

In the case of employees, the Member's base annual salary that is derived from piloting activities plus any special duties or supervisory allowances the Member would normally receive.

In the case of contractors, casual workers, fixed term employees or other Members who do not earn a regular salary, the amount of piloting income per annum shall be determined based on income from piloting activities as disclosed in the most recent income tax return or such other evidence as required by the Trustee. Gross Annual Salary does not include travel, overtime, location, allowances of an intermittent or occasional nature, or income derived from other sources.

Permanent(ly) Loss(t): Means a Member has completely satisfied all of the following conditions for Permanent failure to meet Medical Standard for Class 1 Medical Certificate and Permanent Loss of their Class 1 Medical Certificate;

1. The refusal by CASA to grant a Class 1 Medical Certificate under Part 67 of the Civil Aviation Safety Regulations 1998 (Cth) (or amended).
2. The Trustee must have made consideration of all medical and other such evidence as required by and as described in the Rules.
3. The Trustee may at its sole and absolute discretion conclude that the Member is unlikely ever to be able to regain a Class 1 Medical Certificate.

Pre-existing Medical Condition: Means a condition that was in existence at the time of joining, whether diagnosed or not, which in the opinion of a qualified medical practitioner acceptable to the Trustee, existed at any time in the period prior to the date which:

1. the person joined the Fund and became a Member; or
2. the Member begins contributing for an increased Standard Capital Benefit; or
3. the Member begins contributing for the Premium Capital Benefit, (as the case may be).

Provisional Cover: Means cover which is granted at the time of processing an application for Membership and is subject to a Denial of Liability for any declared medical conditions. Provisional Cover means the pilot will not be entitled to membership rights, other than the coverage for Benefits, until the Board has accepted their membership in accordance with Rule 4 (a).

Provisional cover will not commence until the latter of;

1. the payment of contributions is received, or confirmation from the applicant's employer is received in lieu of payment, and/or
2. medical data and supporting medical information requested by the Trustee is received, assessed and either accepted or rejected by the Board, or for imposition of any Exclusion or Denial of Liability.

STANDARD CAPITAL BENEFIT

Type of Benefit	Amount of Benefit	Frequency of payment(s)
<p>Monthly Disability Benefit (Temporary Loss of Licence)</p> <p>Monthly payment while Class 1 Medical Certificate is suspended or cancelled.</p>	<p>Income from piloting activities is less than \$100,000: 1.5% of the Standard Capital Benefit for which the Member was contributing in the MBF year during which the disability commenced.</p> <p>If Standard Capital Benefit is \$600,000, monthly disability payments will be 100% of Calculated Annual Salary or \$9,000, whichever is the lesser*</p> <p>Income from piloting activities is equal to or greater than \$100,000 and less than \$150,000: 1.75% of the Standard Capital Benefit for which the Member was contributing in the MBF year during which the disability commenced.</p> <p>If Standard Capital Benefit is \$600,000, monthly disability payments will be 100% of Calculated Annual Salary or \$10,500, whichever is the lesser*</p> <p>Income from piloting activities is equal to or greater than \$150,000: 2.0% of the Standard Capital Benefit for which the Member was contributing in the MBF year during which the disability commenced.</p> <p>If Standard Capital Benefit is \$600,000, monthly disability payments will be 100% of Calculated Annual Salary or \$12,000, whichever is the lesser*</p> <p>*Monthly disability payments will not exceed one twelfth of a Member's Calculated Annual Salary, as per Rule 7(k), (l) and (m).</p>	<p>Payable for up to 24 months. Monthly payments are subject to the approval of the Austair Board.</p> <p>Monthly payments commence:</p> <ul style="list-style-type: none"> 90 days after the Date of Disability; or after exhaustion of all sick leave, whichever is later.
<p>Capital Benefit (Permanent Loss of Licence)</p> <p>Capital Benefit payment if Class 1 Medical Certificate has been suspended or cancelled and Austair, after meeting the conditions of Rule 8, has firmly established to its satisfaction, that the suspension or cancellation of the Member's Class 1 Medical Certificate is permanent.</p>	<p>Standard Capital Benefit for which the Member contributed in the MBF year during which the disability commenced (minus any Disability Benefit already paid).</p>	<p>Lump sum payment</p>

PREMIUM CAPITAL BENEFIT

Only Members who make Contributions for the maximum Standard Capital Benefit available to them as per the Contribution and Benefits Scale, are eligible to make Contributions for the Premium Capital Benefit.

Type of Benefit	Amount of Benefit	Frequency of payment(s)
<p>Capital Benefit (Permanent Loss of Licence)</p> <p>Paid in addition to the Standard Capital Benefit.</p>	<p>\$200,000</p> <p>The Premium Capital Benefit is not used when calculating Monthly Disability Benefits and is only added to the Standard Capital Benefit when the benefit amount is calculated for Permanent Loss of Licence.</p>	<p>Lump sum payment</p>

ADDITIONAL DEATH BENEFIT

Type of Benefit	Amount of Benefit	Frequency of payment(s)
<p>Payment made to the Member's nominated beneficiaries or their estate upon death of Member in accordance with the Rules, which excludes payment of a death benefit under the specified conditions of Rule 6(i).</p>	<p>Standard Capital Benefit (minus any Disability Benefits already paid) plus the Premium Capital Benefit (if applicable) plus the Death Benefit.</p> <p>The Death Benefit is an additional benefit of a base amount of \$100,000. The Death Benefit increases by \$10,000 for each full year of membership to a total maximum Death Benefit of \$200,000.</p> <p>The Death Benefit must not exceed the Standard Capital Benefit.</p>	<p>Lump sum payment</p>



EXTRACT FROM RULE 6 EXCLUSIONS

The following is an extract from Rule 6 Exclusions, which outlines the circumstances in which the MBF is not liable to pay benefits.

Pre-existing Medical Condition

- (a) The Trustee may impose an Exclusion or Denial of Liability on all or a part of a Member's Standard Capital Benefit and Premium Capital Benefit (if applicable) for any Pre-existing Medical Condition, subject to the following:
 - (i) Any Exclusion or Denial of Liability imposed by the Trustee in accordance with this Rule, must normally be imposed within 60 days of the effective date of the application, or such time as required by the Trustee to enable the Trustee to obtain all relevant information and consult with the Fund's medical advisers.
 - (ii) Notwithstanding Rule 6(a)(i), where a Member provides information later, having made a genuine error of disclosure, which would normally give rise to an Exclusion or Denial of Liability, the Trustee may impose such an Exclusion or Denial of Liability retrospectively.
- (b) The Trustee shall forward all relevant information to the Fund's medical advisers or appropriate medical specialists of the Trustee's choosing for confirmation of the medical condition, at the earliest practical time.
- (c) The Member or applicant for membership shall provide any relevant information to the Trustee and the Fund's medical advisers and, when requested, authorise the Trustee and the Fund's medical advisers to consult with any relevant physician or organisation.
- (d) If, as a result of any disclosure by the applicant or Member, advice from the applicant's or Member's personal physician or specialist is required by the Fund's medical advisers, the cost associated therewith shall be borne by the Fund.
- (e) Where an Exclusion is attached to a Member's Standard Capital Benefit and Premium Capital Benefit (if applicable), the Members maximum level of Standard and Premium Capital Benefits are reduced in accordance with Rules 7(s)(i) and 7(s)(ii). The Trustee may not make payments in excess of these amounts where there is a claim directly or arising from an Excluded Condition.
- (f) Upon requesting an increase in the Standard Capital Benefit and/or application for the Premium Capital Benefit, a Denial of Liability or Exclusion for Pre-existing Medical Conditions may be applied on the increase in the Standard Capital Benefit and/or the Premium Capital Benefit.

Third Party Claim Liability

- (g) The Fund shall not be liable to make payment of benefits to a Member where the Member's Class 1 Medical Certificate has been suspended or Permanently Lost for any disability in respect of which, in the Trustee's reasonable opinion, the Member either is currently or would be entitled to receive any periodical or other payments (including, but not limited to, workers' compensation) under state or federal legislation, unless the disability has been specifically accepted by the Trustee.

Specified Exclusions - General

- (h) The Fund may not make any benefit or Death Benefit payment nor may the Trustee approve such a payment to any party that is not a Member of the Fund (or a nominated beneficiary).
- (i) Notwithstanding any other provision in these Rules, the Fund shall not be liable and the Trustee shall not authorise to make payments by way of benefits to a Member where the Member's Class 1 Medical Certificate has been suspended or invalidated either temporarily or permanently, as a direct result of, or arising from, any of the following:
 - (i) war, whether declared or not, but not because of a Member being killed or injured during legitimate non-military operations outside of recognised war zones;

EXTRACT FROM RULE 6 – EXCLUSIONS (CONTINUED)

- (ii) intentional self-injury, suicide or attempted suicide, assault where provoked by the Member, or fighting (except in bona fide self-defence);



- (iii) alcohol dependence and/or conditions or injuries arising directly or indirectly from the abuse of alcohol or drugs;
- (iv) incurred as a result of self-intoxication, or the effects of drug use;
- (v) pregnancy and related conditions for the full duration of that pregnancy, including a period of 90 days from the conclusion of the pregnancy. Conditions that persist beyond 90 days from the conclusion of the pregnancy will be assessed for benefits in accordance with the Rules. Such benefits are not back-dated. Cover for conditions not related to pregnancy including the Member's Death Benefit, continues without restriction;
- (vi) incurred because of deliberate exposure by the Member to exceptional danger, as determined by the Trustee (except to save human life);
- (vii) incurred because of the commission of any criminal act by the Member;
- (viii) elective cosmetic surgery where the surgery is not necessitated by an underlying medical condition or trauma event, whether pre-existing or not;
- (ix) Member's conduct, where the member's conduct has involved the following:
 - a) committing an offence or failure to comply with directions given by CASA under Part 67 of the Civil Aviation Safety Regulations 1988 (Cth) (or amended)
 - b) a condition that directly or indirectly is as a result of employment or performance issues documented by the Member's employer in carrying out their occupation. This may include dismissal following formal disciplinary procedures that subsequently leads to any condition that precludes the Member holding a valid Class 1 Medical Certificate or overseas equivalent.
 - c) injuries or conditions that are reasonably related to or caused by the Member's misconduct, dishonesty or engaging in criminal activities.

Conditions Without Objective Medical Evidence (other than mental health)

- (j) The Fund shall not be liable and the Trustee is not authorised to make payments of the Capital Benefit Balance for any condition that does not present with symptoms that can be verified by objective medical testing and/or for conditions that rely substantially on 'self-reported' symptoms that cannot be independently medically verified.

Mental Health Claims

- (k) The Trustee is only authorised to pay the Capital Benefit Balance under this clause for the following conditions:
 - (i) schizophrenia disorder; or
 - (ii) bipolar disorder.
- (l) The Trustee is only authorised to make Disability Benefit payments under this clause for the following conditions:
 - (i) schizophrenia disorder;
 - (ii) bipolar disorder;
 - (iii) major depressive disorder; or
 - (iv) depression.

EXTRACT FROM RULE 6 EXCLUSIONS (CONTINUED)

- (m) The Fund will not be liable for and the Trustee is not authorised to provide benefits in any form for any other mental or behavioural disorder not previously specified.
- (n) The Fund will not be liable for and the Trustee is not authorised to provide benefits in any form for Mental Health claims arising from workplace issues, where the Member has demonstrated standards, performance, or inappropriate behaviour issues, where such behaviour is implicated in leading to the loss of a Class 1 Medical Certificate. Such claims for Mental Health reasons are excluded from benefits.



- (o) The Fund will only recognise and the Trustee will only accept an objective diagnosis of any condition specified under Rule 6(k) and Rule 6(l) that is made by a Doctor of Psychiatry
- (p) Any Member making Notification to the Trustee and/or seeking benefits of any description under Rule 6(k) and Rule 6(l), will submit independent assessment(s) by a Doctor(s) of Psychiatry (as specified by the Trustee). This requirement is in addition to that established by Rule 6(o).
- (q) The Trustee may not in any circumstances authorise benefit payments of any description under Rule 6(k) and Rule 6(l), unless the Member has submitted to an assessment or assessments by the Trustee's specified Doctor(s) of Psychiatry, and the assessment confirms an objective diagnosis of the Member's disorder conclusively and to the satisfaction of the Fund Medical Advisor/s and the Trustee.
- (r) A Member in receipt of benefits for the conditions specified in Rule 6(k) or Rule 6(l), must provide to the Fund a comprehensive treatment plan provided by the Member's treating physician. The Trustee is not authorised to make any benefit payments if this condition is not met.

EXTRACT FROM RULE 7 DISABILITY BENEFITS

Commencement Date of Disability and Benefits

- (n) Payment of Disability Benefits shall commence at the latter of any of the following events:

- (i) completion of the Waiting Period; or
- (ii) Member having exhausted all their personal/sick leave;
- (iii) the Trustee having completed any investigation into or assessment of the Member's claim for Benefits

For the avoidance of doubt, the Trustee will commence payments for Disability Benefits immediately after the first Trustee board meeting occurring after the latter of the events specific in Rule 7(n). The Trustee is not liable to and will not make any back payments for any periods occurring prior to the trustee's decision to approve the payment of Disability Benefits.

Cessation and Limitation of Monthly Benefits

- (r) Disability Benefits shall cease at the earliest occurrence of any of the following;
 - (i) the Member has failed to, or refuses to, comply with the requirements of rule 7; or
 - (ii) the Member has died; or
 - (iii) the Member has reached the age of 65; or
 - (iv) 24 Disability Benefit payments have been completed; or
 - (v) the issuing of a Class 1 Medical Certificate to the Member regardless of whether or not CASA applies any conditions or restrictions on the Class 1 Medical Certificate; or
 - (vi) the reinstatement, revalidation or restoration of a Class 1 Medical Certificate to the Member, regardless of whether or not CASA applies any conditions or restrictions on the Class 1 Medical Certificate; or
 - (vii) CASA, or a CASA Delegate, has advised that the Member is able to exercise the privileges of their pilots licence regardless of whether or not CASA applies any conditions or restrictions on the Class 1 Medical Certificate; or
 - (viii) CASA, or a CASA Delegate, has advised that the Cancellation or Suspension of a Class 1 Medical Certificate has been removed, regardless of whether or not CASA applies any conditions or restrictions on the Class 1 Medical Certificate.

EXTRACT FROM RULE 8 CAPITAL BENEFITS

- (d) The Trustee must only consider a Member's Class 1 Medical Certificate as Permanently Lost and the Member eligible for payment of the Capital Benefit Balance, under the following circumstances:
 - (i) The Trustee has been provided by the Member, at least two medical assessments from separate and independent specialists in the related discipline relevant to the medical condition giving rise to the



claim; and

- (ii) The Trustee may consult with the Fund Medical Advisor in the relevant medical discipline
- (iii) The Trustee may defer making a decision as to whether a Member's Class 1 Medical Certificate is Permanently Lost where:
 - a) The Member's condition or injury has not yet stabilised; or
 - b) a further period of time is necessary to establish whether treatment may result in an improvement of the Member's medical condition or injury to an extent where the Class 1 Medical Standards can again be met for that Member.

PRE-EXISTING MEDICAL CONDITIONS

Pre-existing Medical Conditions may be subject to an Exclusion (reduced benefit) or a Denial of Liability (no benefit) applied under the provisions of the Rules. Any Pre-Existing Medical Condition is referred to the MBF Fund Medical Advisors for an assessment and advice is provided to the Trustee for consideration as to whether to apply an Exclusion or Denial of Liability.

Benefits for excluded medical conditions are paid according to the length of the Member's continuous membership as follows:

Years of Membership	Benefit
Less than five years	The Member may be paid: <ul style="list-style-type: none">• up to 12 monthly payments of the Disability Benefit, with the Member's entitlement not to exceed 24% of the Standard Capital Benefit, whether paid as Disability Benefits in accordance with Rule 7 or as the Capital Benefit Balance in accordance with Rule 8.
Greater than five years	The Member may be paid: <ul style="list-style-type: none">• up to 18 monthly payments of the Disability Benefit, with the Member's entitlement not to exceed 36% of the Standard Capital Benefit, whether paid as Disability Benefits in accordance with Rule 7 or, as the Capital Benefit Balance in accordance with Rule 8.

ELIGIBILITY FOR BENEFITS

1. Evidence and advice of treatment being sought for the event or medical condition is to be provided to the MBF at the time of notification.
2. Full and frank disclosure of medical conditions on application and renewal.
3. Provision of notice to the MBF within 30 days of illness or injury.
4. CASA or DAME evidence of suspension/cancellation of the Member's or Applicant's Class 1 Medical Certificate.
5. As per Rule 2(b), Members may operate on an overseas medical certificate, however the basis for all benefit claims shall be on the failure of the Australian Class 1 Medical Certificate.

Member's eligibility for benefits is at all times, subject to the Rules. Both the commencement and continuance of Disability Benefits payable shall at all times be conditional upon satisfactory evidence being provided to show that the Member is taking all reasonable steps to have the disability rectified and the Class 1 Medical Certificate restored.

Members must make a report on the first working day of each month, with supporting evidence in accordance with the requirements of the Rules. Austair retains the discretion to determine not to pay benefits where the facts of a claim are incomplete or in doubt for any reason.

DISCRETIONARY REFUND OF CONTRIBUTIONS

In accordance with Rule 5(b)(iii), after 20 years of membership or 25 years in the case of a reinstated Member in accordance with Rule 2(d), Members may be eligible to make application to receive a discretionary refund of some or all Contributions of the Standard Capital Benefit. Monthly benefits already paid will be deducted from the Refund of Contributions. The maximum amount of potential refund is limited to \$65,000.

Applications for a Refund of Contributions must be made within 365 days of the Member qualifying to do so





under the terms of the Rules.

FEES AND OTHER COSTS

The cost to Members acquiring the Product is an annual Contribution, which is based on a sliding scale depending on the level of Standard Capital Benefit for which the Member applies, the Member's age at joining the Fund, and the Member's current age. The current Contributions and Benefit Scale is set out at the end of the application form. Austair reviews the Contributions Scale annually and under 5(a) of the Rules must review the performance of the Fund in providing benefits at period not in excess of 24 months. Other provisions of the Rules may also affect the level of Contributions payable.

Contributions are treated as revenue to the Fund and are not investments or monies held on behalf of a specific member. The surpluses of the Fund become part of the assets of the Fund. Administration expenses (including investment advice, legal and accounting fees and other expense recoveries) are paid by Austair from the MBF's revenue and investment income from assets, and do not affect the level of Benefit payable to Members.

There are no other fees and charges.

INCREASES AND DECREASES IN COVER

Where a Member contributes for the maximum Standard Capital Benefit available to them, that Member is eligible to apply, and contribute to, the Premium Capital Benefit. The Premium Capital Benefit is available at a value and at a rate as determined annually by Austair and published in the Contributions Scale. The current Contributions and Benefits Scale is set out at the end of the application form. Members may only apply for the Premium Capital Benefit before the age of 50.

A Member's ability to increase and/or decrease the benefits for which they contribute is limited according to the Member's previous Contributions, the age at which they entered the MBF and their current age. The Contributions Scale is structured to support early joining of the MBF, and any increases in benefits after the age of 40 will be at the joining band representing the age at which the increase was requested.

In accordance with the Rules Members may only request an increase in the Standard Capital Benefit once after the age of 40. Where a Member aged 40 to 49 (inclusive) applies to increase benefits to the maximum Standard Capital Benefit available for the Member's category of membership and their age bracket, that Member is entitled to apply for the Premium Capital Benefit at the commencement of the Fund Year. Further information is available in the Rules.

COVID-19 resolution. Following the Ballot by members on 13 April 2020 adopting Rule-1A - COVID-19 the Board resolved that a special set of conditions be introduced to allow reinstating previous cover for any Member who reduces their cover for the 20/21 MBF year without penalty of age at the time or age joining band restrictions **as long as they return their cover to the original status by 30 April 2021** in accordance with the COVID-19 Rules resolutions by members. The Trustee has no discretion to override that date.

If a member seeks to increase their cover above the previous level (i.e. at the time of reduction) or after the 30 April 2021 they will be required to provide a health declaration with the application and may be subject to the standard Rules on Exclusions or Denials for the amount of cover over and above the cover they had at the time of the reduction.

LIMITATIONS IN COVER

The MBF provides stepped cover after the age of 50, where the maximum Standard Capital Benefit (SCB) amount reduces in steps until age 65. Joining under the age of 40 allows you to take out a SCB amount of your choice between the minimum (\$100,000) and the maximum (\$600,000) until the age of 50. After the age of 50 the maximum amount reduces in steps until the age of 65. This stepped approach applies to all Members not only those on the maximum level of cover.

AUSTRALIAN RESIDENT ELIGIBILITY

Non-Australian citizens may join the Fund if they meet the conditions of a Resident in Australia; which is defined in the Rules as a person who is classified as a resident under Australian taxation legislation and/or complies with Australian immigration laws to be eligible for employment as a pilot in Australia.

The Applicant must provide proof that they meet the criteria as a resident for Australian tax purposes. Definitions of such and a series of self-assessments are available on the Australian Taxation Office website and must be supported by verification from a registered Australian Tax Agent.



OVERSEAS MEMBERSHIP

As an Australian citizen, a Member can continue their cover whilst working on an overseas medical certificate as per Rule 2(b), however the basis for all benefit claims shall be assessed on the failure of the Australian Class 1 Medical Standards.

Any non-Australian citizen who has been a Member for greater than two years, may apply to Austair to continue their cover for up to three years whilst working overseas, provided they can demonstrate an intent and evidence of an eventual return to Australia.

IS LOSS OF LICENCE PROTECTION RIGHT FOR YOU?

As a pilot your financial security may rely on your ability to maintain your Class 1 Medical Certificate. The MBF Loss of Licence Product can provide financial support in this event, however you should obtain your own financial advice to determine if the Product is right for you.

ELIGIBILITY

In order to obtain the Product, applicants and Members must meet the requirements set out in Rule 2. including.:

- being a financial Member of the Australian Federation of Air Pilots (AFAP);
- holding a commercial pilots licence or higher;
- holding an Australian Class 1 Medical Certificate;
- being aged less than 50 years;
- deriving their principal source of income from piloting activities; and
- being an Australian Citizen or meeting the definition of Resident in Australia

Membership may be maintained until the age of 65.

Failure to comply with all applicable eligibility requirements in Rule 2 will result in automatic termination of membership, effective from when the compliance failure commenced.

NEW APPLICANTS

To obtain the Product, complete the online application form and health questionnaire/declaration on the MBF website (www.aapmbf.com.au). You must provide a copy of your Class 1 Medical Certificate; proof of employment; and proof of citizenship or being a Resident in Australia. Further documentation may be requested for any declared medical conditions.

Commencement of Provisional Cover will be effective when the above information is supplied and the Fund confirms the applicant is eligible under an employer bulk billing agreement with the Fund for the payment of contributions and is verified by the Fund as covering the cost of cover, and/or payment of the applicable Contributions is received by MBF, as per the definition on Page 4.

Austair reserves the right to refuse any application without giving a reason or to impose terms and conditions upon membership. If for any reason Austair refuses or is unable to process your application for the Product, Austair may return any application Contributions to you.

You have a right to 'cool off' in relation to your application for the Product. See 'Cooling Off' on page 14 for more information.

INCREASE IN COVER

Members have the opportunity to increase their cover at the commencement of the Fund year as per Rule 3 (b) and (c). Any increase in cover will only be effective from the date when the MBF confirms the payment of Contributions under an employer bulk billing agreement with the Fund for the payment of contributions and is verified by the Fund as covering the cost of cover, or payment of the applicable Contributions is received by MBF.

MEMBERSHIP RENEWAL

All Members must complete the annual renewal process by 31 May each year, which may include a health





questionnaire/declaration. This includes Members whose Contributions are paid in full or in part directly to the Fund by the Member's employer, claimants and Members who have notified the MBF of the failure of their Class 1 Medical Certification. Your membership will not be valid until the renewal questions are completed and your Contribution has been paid. Failure to complete the annual Membership Renewal process will result in cessation of membership. This occurs automatically in accordance with Rule 12 (b).

REINSTATEMENT

A former Member may apply to the MBF for reinstatement of Membership as per Rule 2 (d) and (e) where they:

- had previously been a Member of the MBF for no less than five years continuously; and
- had been absent from the MBF for no more than six years preceding the date of their application.

The Trustee may reinstate the Member at the contribution rates and benefits set out in the current Contributions Scale for the joining age of their most recent membership of the MBF. The Trustee may apply this exception to a Member once only.

TAXATION IMPLICATIONS

TAXATION

Tax laws change and their effect on and treatment needs to be considered as part of the individual tax circumstances of the Member. It is recommended that all applicants seek their own professional tax advice.

Members may be subject to tax on certain payments made to them from the MBF in accordance with tax law and/or rulings at the time.

DISABILITY BENEFITS

Monthly Disability Benefits paid from the Fund to Members will be included in the Member's assessable income. The Fund does not pay the Superannuation Guarantee Contribution as it is not a requirement. The Fund will withhold Pay As You Go (PAYG) Withholding Tax from any such payments unless an ATO exemption is provided.

CAPITAL AND DEATH BENEFITS

Where the failure of the Member's Class 1 Medical Standards is deemed to be Permanent, the Fund may pay the Member a Standard Capital Benefit and the Premium Capital Benefit (if applicable). Upon the death of a Member, the Member's Beneficiary may be eligible to receive a Standard Capital Benefit, the Premium Capital Benefit (if applicable) and the Death Benefit. The Standard Capital Benefit, the Premium Capital Benefit and the Death Benefit do not represent income of the Member or Beneficiary and are not subject to Capital Gains Tax as per Taxation Ruling IT2230.

TAX FILE NUMBER ('TFN') DECLARATION FORM

Members who become claimants for monthly Disability Benefits will be asked to complete a Tax File Number Declaration Form so that the Fund can calculate PAYG Withholding Tax.

It is not compulsory for a claimant to quote their TFN. If a Member receives monthly Disability Benefits and has not quoted a TFN, the Fund will be required to deduct PAYG Withholding Tax at the top marginal tax rate plus the Medicare Levy.

RISKS

As a holder of an Australian Financial Services Licence (AFSL), Austair is obliged to comment on risks associated with the Product.

All financial decisions involve risk. Austair does not consider that there is any significant risk to Members arising from the financial position of the Fund. However, for the benefit of Members, following are seven risk areas that Austair is obliged to communicate.

1. **Fund Risk:** This is the risk that the Contributions could significantly alter, or the Fund could cease to operate. Austair considers that this is most unlikely as the MBF has a strong financial position with considerable net assets.





2. **Liquidity Risk:** This is a risk that the Fund may not have enough liquid assets to pay benefits. Austair considers this risk unlikely because it models annual cash flow and budgets to forecast liquidity requirements and monitors and updates these during the year.
3. **Laws:** This is the risk that corporations, insurance or taxation laws may change, and this may impact upon the operation of the Fund. Regulatory changes are not predictable, however the MBF has a history of complying with relevant laws and providing support to commercial pilots since 1961.
4. **Claims:** This is the risk that a claim may be refused at the Trustee's discretion per Rule 1 of Permanent Loss.
5. **Payments:** This is the risk that payments may be reduced as per Rule 8(l). This is where the benefits the Fund becomes liable for over the year exceed its net income for the same period. Members eligible for Capital Benefits will be paid proportionately in line with their individual contributions.
6. **Reasonable Steps:** This is the risk that the Trustee may withhold benefit payments if, in the Trustee's reasonable opinion, the Member has not taken all reasonable steps to return to medical fitness as per Rule 8 (k).
7. **Suspension of Capital Benefits:** This is the risk that the Trustee may, at its discretion, suspend consideration of a Member's eligibility for Capital Benefits if the Trustee is not satisfied the Member is complying with their obligations under Rule 7 and Rule 8.

IT'S YOUR FUND

NATURE OF A MUTUAL BENEFIT FUND

The Fund to which Members contribute is a mutual benefit fund. Mutual benefit funds are operated on a not-for-profit basis, solely for the benefit of Members. Any profits are retained in the Fund and are used to satisfy Members' claims for benefits or otherwise applied in accordance with the Rules.

ELECTION OF DIRECTORS

The Directors of Austair are elected by Members of the Fund in accordance with the Rules. In this way, all Members have the right to influence the direction of the Fund by voting for the individuals who control Austair, the Trustee of the Fund.

Directors are elected on a three-year rotation basis and take office at the conclusion of the Annual General Meeting (AGM) of the Fund, which must be held at least once every 15 months. The Rules specify the process of election.

GOVERNANCE OF AUSTAIR

The current Directors and Officers of Austair are displayed on the MBF website (www.aapmbf.com.au).

YOUR RELATIONSHIP WITH THE FUND

RULES

The Member's relationship with the Fund is governed by the Rules. The Rules set out Members' and Austair's rights and obligations in relation to the Product.

Some of the provisions of the Rules are discussed elsewhere in this PDS. Other provisions of the Rules relate to:

- eligibility to become a Member;
- application to become a Member or to apply for increased benefits;
- making Contributions;
- the circumstances in which a Member qualifies for benefits;
- medical certification requirements;
- amendment of the Rules;
- a Member's right to attend and vote at AGMs or special general meetings; and



PRIVACY STATEMENT

When you complete the Application Form for the Product, Austair will be collecting personal information from you and may collect additional information in the future.

Austair needs to collect personal information for the primary purpose of providing you with the Product (including assessing your application, pricing the product and identifying you). There are also a number of related purposes for which your personal information will be collected and these are to process your application for the Product, administer and manage your membership including Notifications and Claims, and comply with Australian taxation laws, the Corporations Act and other laws and regulations.

If you do not provide Austair with your contact details and other requested information, Austair may not be able to process your application or maintain your membership.

Your information will be used in connection with the purposes for which it is collected. You can gain access to the personal information Austair holds about you, subject to some exceptions allowed by law. Austair will give you reasons if it denies you access. If you have any queries in relation to Austair's Privacy Statement or Privacy Policy - found on the MBF website (www.aapmbf.com.au) - or wish to access the personal information that Austair holds about you please contact Austair's Privacy Officer on +61 3 9928 4500.